TollFreeNumbers.com

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Federal Communications Commission
Ajit Pai, Chairman
445 12th Street, SW
Washington, DC 20554

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Re: WC Docket No. 17-192, CC Docket No. 95-155 – CRITERIA FOR DEFINING THE SUCCESS IN THE AUCTION OF TOLLFREE NUMBERS IN THE 833 CODE

Dear Chairman Pai,

I want to bring up one of the most important aspects of the 833 Auction that's been totally ignored. This has always been said to be a "TEST" but nobody has even mentioned how it should be evaluated. So, I'd like to lay out *ahead of time*, the simplest and most logical criteria to evaluate the true success or failure of the Auction as a distribution process for toll free numbers.

How to define Success of the 833 Auction process

If this 833 Auction is truly a "TEST" we're obviously going to have to determine if it was a success or failure. The Commission has required the auctioneer to keep a lot of data to determine the success, but they failed to define success, which may be the most important part of any experiment. Leaving the criteria for success open allows parties with a bias to attempt to define or justify the success or failure they desire. Any criteria defined *after the fact* leaves open the strong possibility that the bias of the writer has influenced their definition. Therefore, I'm going to define a very simple and logical criteria for success that isn't biased, and unless anyone else proposes anything else or disputes this *BEFORE* the auction begins, this should be considered the ultimate criteria for success or failure of this number distribution process.

Was the number of worthwhile bids greater than the original number of phone company requests or less than it? ("Worthwhile" is calculated as the cost of administering the auction divided by the number of numbers put up for auction.)

The auction obviously can't get more numbers into the hands of end users than the first come first served request process would have, because that's how we determined the pool of numbers we're auctioning off. So, we can't base the success or failure on the actual "number" of 833 numbers successfully auctioned off, but we can base it on the next best thing, the interest level of everybody involved. The most logical statistic to compare is the quantity of requests that were made originally, compared to the quantity of worthwhile bids that are placed during the auction process.

We have to add the "worthwhile" criteria because looking at the list I can see several phone companies putting in blanket bids for 5,000 or more of the numeric numbers for a nominal amount under $20 each, essentially just hoping nobody else will bid on them. Any nice numeric number has some degree of value, but if those blanket bids are less than the cost of administering the auction, they're offering less

than the cost of producing the product, which shouldn't be counted as a valid or a full request. We can't justify the cost of administrating the auction with bids for less than the per number cost per number, of administering it.

If the administrative cost of running the auction winds up being $350,000 for example, (I would have bid $200,000 to 250,000 to administer it so $350K seems more than fair) then the cost per number for the 17,638 numbers comes out to be just over $20 per number. For some mysterious reason, the FCC didn't give Somos any limits on the amount of money they can charge for doing this (yes this smells VERY fishy to me too!!!) so they might wind up spending significantly more or even a lot more. They also might classify some of that as investment in the platform necessary to auction numbers in the future. This investment also gives them an incentive to declare this process a success and a reason to want to use this process going forward.

They might try to argue only the future administrative cost above the infrastructure investment should be counted to determine the worthwhile threshold. If that's the case, I think we have to divide the smaller administrative cost by the smaller number of numbers that were actually auctioned, because it could be said that numbers that didn't get any bids weren't worthwhile numbers either, since we probably wouldn't auction those off again in any future auction process. But rather than get to crazy determining what the actual cost that should be distributed is and how many numbers to distribute that over, I'm willing to simplify this. Without any limits, Somos might claim an excessive cost, but a simpler and fairer alternative is to just use $20 as what the administrative cost *SHOULD* have been, to prevent any potential overcharge by Somos from affecting the evaluation of this "TEST".

It's important to keep in mind though that, the goal of the 833 auction is NOT to raise money, this is a DISTRIBUTION PROCESS, and the goal is to get as many desirable 833 numbers into the hands of the customers that actually need or value them the most, as possible. There's only three possible outcomes.

1. If all the promotion and all the time and effort put into this test, generate *more* significant requests for these numbers than the first come first served basis did, then it's a success.
2. If all the promotion, all the time and effort (and years of delay this took), wind up producing *fewer* significant requests than the first come first served basis did, then by definition, this is a clear failure. It doesn't matter how much money it raised off the end users that the FCC is supposed to be serving, not profiting off of.
3. Finally, if we have the roughly same amount of bids as we had requested three years ago, then it's a long drawn out wash.

There are obviously a lot of other questions left to analyze and consider, but this is the most logical measure to use to determine success or failure of this "TEST".

Other possible criteria or factors that could be considered:

How could we do this better and make it more successful?
How valuable was the information collected?
Was the time delay in doing an auction worth it? (Even assuming the FCC obviously won't have to drag their feet for two plus years, next time waiting for Somos to complete their mainframe transition)
Were more of the numbers in question actually in use by end users 6 months after the auction?
Did fewer of the numbers end up in speculators hands?

Did the ability to resell these 833 numbers increase their value and demand and how much of any increase in demand in this test was due to these changes? (allowing resale certainly wouldn't reduce the value or demand)
What were the bottlenecks?
Would allowing or not allowing the public to go directly to Somos have increased the participation?
How much did the excessive regulations reduce the participation?
Were the excessive regulations of any actual value or benefit?
How well was the auction received by the end users?
Did end users complain about the prices or fees of any resporgs?
Would auctioning off a larger amount of numbers or a smaller amount of numbers have made any difference?
What other changes would or could improve this process going forward?
How many of the auctioned 833 numbers were sold during the first month after the auction?
How many of the auctioned 833 numbers were sold more than a month after the auction?
How many bids did the average number get?
What was the average high demand number worth?
How many bids did the average bidder make?

There are clearly a lot of factors and information to be gleaned from this experiment and which might be considered going forward. No matter how anyone spins this though, the overall success or failure is whether it increased the demand or decreased it, versus the long standing and simpler first come first served process.

I hope laying this out there BEFORE the auction takes place, gives us a more unbiased way to evaluate this whole AUCTION DISTRIBUTION PROCESS properly.

Very sincerely,

Bill Quimby

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